

Message Text

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PAGE 01 ROME 18807 171826Z

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ACTION SS-14

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ECONOMIC SITREP NO. 13, WEDNESDAY, NOVEMBER 17

REF: ROME 18729

1. SUMMARY. PCI ATTACHES AMENDMENT FOR CHAMBER DISCUSSION ON GASOLINE TAX HIKE WHILE BENVENUTO OF UIL ANNOUNCES WILLINGNESS TO SEE ADJUSTMENTS IN COST-OF-LIVING ESCALATOR "BASKET." LIRA STRENGTHENED SLIGHTLY. END SUMMARY.

2. GASOLINE TAX REBATE AMENDMENT. PCI WAS ABLE TO ATTACH AMENDMENT IN CHAMBER COMMITTEE TO DECREE LAW ON GASOLINE HIKE. DECREE LAW WILL GO TO FULL CHAMBER TOMORROW WHERE PCI AMENDMENT TO REBATE 24,000 LIRE TO DEPENDENT WORKERS EARNING UNDER 6 MILLION LIRE ANNUALLY WILL BE DISCUSSED. FINAL ADOPTION OF AMENDMENT BY CHAMBER BY NO MEANS FOREGONE CONCLUSION AS (A) SOCIALISTS HAVE ALTERNATIVE PROPOSAL TO ESTABLISH TWO-PRICE MARKET ALLOTING 60 LITERS PER USER UNIT AT LOW PRICE AND A HIGHER PRICE FOR CONSUMPTION ABOVE THAT LEVEL; AND (B) CHRISTIAN DEMOCRATS SAY THAT THEY WOULD RATHER USE THE 250 BILLION LIRE WHICH REBATE WOULD COST TO SUBSIDIZE URBAN TRANSPORTATION.
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PAGE 02 ROME 18807 171826Z

TION, OR AT LEAST TO CAST IN SOME FORM OF INCOME TAX CREDIT

RATHER THAN REBATE. FINAL SHAPE OF DECREE LAW WILL BE DETERMINED ONLY AFTER DEBATE IN FULL CHAMBER SCHEDULED FOR NOVEMBER 18.

3. UIL'S BENVENUTO ON THE WAGE INDEXATION ESCALATOR. IN RADIO INTERVIEW NOVEMBER 16, SECRETARY GENERAL OF UIL (SEE REFTEL) BENVENUTO REPORTEDLY STATED THAT "CERTAINLY THERE ARE THINGS IN THE 'BASKET' (OF THE COST-OF-LIVING WAGE INDEX) WHICH COULD BE TAKEN OUT, SUCH AS THE PRICE OF NEWSPAPERS, WHILE OTHER ITEMS COULD BE ADDED IN ORDER TO BALANCE THE TOTAL WEIGHT OF THE 'BASKET' ITSELF." WHILE THIS IS AN ENCOURAGING SIGN PERHAPS OF ORGANIZED LABOR'S WILLINGNESS TO LOOK AT THE COMPONENTS OF THE WAGE INDEXATION ESCALATOR SYSTEM, IT CAN ALSO BE A SWORD THAT CUTS TWO WAYS, E.G., THE CURRENT BASKET DOES NOT INCLUDE GASOLINE.

4. FOREIGN EXCHANGE MARKET. NOVEMBER 17 LIRA 865.375 PER DOLLAR COMPARED TO 865.425 ON PRECEEDING DAY. BEAUDRY

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